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Mills Act

Historical Properties

Information

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A historical designation can provide property tax reduction. San Diego is relatively young town, but many residents are beginning to take notice of one of our most valuable resources, our historic sites and houses. The Mills Act, named for San Diegan James Mills, a former State Senator, provides an important monetary incentive designed to encourage the preservation, maintenance, and restoration of designated historic properties. If you have questions on the calculation of the assessed value, please call the Assessor's Office at (858) 505-6262.

- **What is the Mills Act?**

The Mills Act provides that property that is subject to a historical property contract be valued using the rental income and what could be expected from that property rather than using comparable sales to establish the assessed value. This generally results in a much lower assessment if the property has been recently purchased.

- **How does my property qualify for the Mills Act?**

It must meet qualifying criteria such as significant architecture, association with a historically significant event or person, or location in a historic district, such as Marston Hills. Once designated as a historical site, the owner can then enter into a voluntary contract with that city.

- **How long is the contract and is it canceled if I sell the property?**

The term of the contract is ten years; however, it is automatically extended unless the property owner cancels the contract. The new owner would receive the full benefit of the contract because the contract goes with the property.

- **Is the property owner required to open the property to the public?**

No, the law was revised in 1985 when new legislation relaxed the rules to encourage the preservation of historic properties. Prior to that time, any property under contract had to be open to the public for tours and the like. After the revision in 1985, many additional properties have been placed under contract.

- **Do all historical properties in San Diego County qualify for the Mills Act?**

No, only the City of San Diego, the City of Chula Vista, the City of Coronado, the City of Escondido, the City of La Mesa, and the City of National City have enacted ordinances to grant the Mills Act exclusion. The County of San Diego has also passed an ordinance for historical properties in the unincorporated areas of the county.

- **How many properties are benefiting under the Mills Act in San Diego County?**

Currently, there are approximately 370 properties under contract with the various cities that receive this property tax benefit.

- **What is the Assessor's role in the process?**

Although the individual cities actually place the property under a historical contract, the Assessor's Office must determine the actual assessed value based on a formula under State law, using the income that could be generated from the property.

- **What kind of savings can I expect on my property tax bill?**

Typically, property owners can expect a 20% to 70% savings on their property taxes. Under State law, the lesser of 1) the current market value, 2) the Proposition 13 value, or 3) the restricted value based on the rents will be used to calculate your property taxes. It is possible that the Proposition 13 value may actually be lower than the restricted value, and the property would receive no property tax benefit.

- **Since I have owned my property for many years and already have a very low assessment, is it worthwhile to apply for the Mills Act?**

Some owners who would receive no property tax benefit still apply for the Mills Act. It can be a selling point to a potential buyer because the property would not be reappraised at its full market value upon sale if the property were already under a historical contract.

- **Once my property is listed on a historic register are there any binding restrictions that will affect my property?**

Yes, once that property is designated on a Federal State, or local register, it is subject to the rules and regulations of the Office of Historic Preservation of the Department of Parks and Recreation, the U.S Secretary of the Interior's Standards for Rehabilitation, and the Historic Building Code. In effect, the owner must protect, maintain, and rehabilitate the property into perpetuity.

Mills Act Benefits

- Possible reduction in property taxes — average of 20% to 70%
- No supplemental bills if under contract at the time of transfer or completion of new construction
- Transferable if property is sold

Mills Act Restrictions

- 10-year contract, which is renewable
- Once a property is designated as a Historical Property, it must be permanently maintained as a historical site

• Who should I contact if I want to place my property under the Mills Act?

Each city has its own ordinance and different criteria to determine if a particular property qualifies. Please contact the following departments to get further information:

- City of San Diego
Historical Resources Board
619-235-5224
- City of Chula Vista
Planning Department
619-409-5465 or 619-585-5621
- City of Coronado
Community Development Department
619-522-7326
- City of Escondido
Planning Department
760-839-4553
- City of La Mesa
Community Development Department
619-667-1177
- City of National City
Planning Department
619-336-4310
- County of San Diego
Department of Planning and Land Use
Historical Properties
858-694-2981 or 858-691-3656

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